

# FACT SHEET

## Alternative Pension Reform Settlement Frameworks

The alternative pension reform settlement frameworks negotiated between the City of San José and its employee bargaining units meets three vital objectives:

1. Generates significant savings for San Jose taxpayers.
2. Creates a fiscally sustainable retirement system.
3. Improves recruitment and retention by providing competitive compensation.

**This framework will save San Jose taxpayers approximately \$2.97 billion over the next 30 years:**

	Police & Fire	Federated	TOTAL
Tier 2 Savings	\$1,152 million	\$941 million	\$2,093 million
Retiree Healthcare	\$244 million	\$249.9 million	\$493.9 million
Eliminate “Bonus Checks”	\$270 million	\$120 million	\$390 million
<b>TOTALS</b>	<b>\$1.66 billion</b>	<b>\$1.31 billion</b>	<b>\$2.97 billion</b>

This framework generates these savings in 3 ways:

1. **Tier 2 Savings:** The framework establishes a new set of lower-cost pension benefits for future civilian employees and those employees hired since September 2012. These benefits are comparable to those provided in other California jurisdictions, but have a significantly lower cost relative to pre-Measure B pensions.
2. **Retiree Healthcare:** San Jose taxpayers will no longer pay for retiree healthcare for new civilian employees by closing the existing defined-benefit retiree healthcare plan and replacing it with an optional defined-contribution account that can be used for future healthcare expenses. Current employees would have the option to opt-in to this benefit as well.
3. **Eliminate SRBR “Bonus Checks”:** The framework eliminates the “bonus checks” (via the Supplemental Retirement Benefit Reserve) that retirees received when market returns exceeded expectations.

[View the framework covering sworn police and fire employees](#) – agreed upon July 15, 2015

[View the framework covering non-public safety \(civilian\) employees](#) – agreed upon in December 4, 2015.